

## Message Text

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47

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 OMB-01 TRSE-00 XMB-07 FRB-03 OPIC-12

EB-11 CIEP-03 DRC-01 /148 W  
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R 250958Z SEP 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7066

INFO AMEMBASSY TOKYO

UNCLAS BANGKOK 15434

E.O. 11652: N/A

TAGS: EAID, EFIN

SUBJ: JAPAN LOWERS INTEREST RATE ON LOAN TO THAILAND

REF: BANGKOK A-76

1. JAPAN'S OVERSEAS ECONOMIC COOPERATION FUND HAS OFFICIALLY ANNOUNCED THE REDUCTION OF THE INTEREST RATE FROM 3.25 PERCENT TO 2.75 PERCENT ON A 17 MILLION YEN (\$56 MILLION) PROJECT LOAN TO THAILAND. THE ORIGINAL LOAN NEGOTIATED IN 1971 WAS FOR 34 MILLION YEN OVER THE LIFE OF THAILAND'S THIRD FIVE YEAR DEVELOPMENT PLAN (1972 TO 1976). HALF OF THE LOAN HAS ALREADY BEEN COMMITTED AT THE ORIGINAL INTEREST RATE.

2. AS ORIGINALLY NEGOTIATED THE LOAN WAS TIED TO PROCUREMENT IN JAPAN, BUT THIS REQUIREMENT WAS LIFTED IN 1972 AFTER ANTI-JAPANESE DEMONSTRATIONS IN THAILAND LED TO A CONCILIATORY GESTURE BY THE JAPANESE. THAILAND INITIATED A REQUEST FOR A REDUCTION IN THE INTEREST RATE, AND ALTHOUGH IT WAS AGREED UPON ABOUT A YEAR AGO IT WAS NOT FORMALIZED UNTIL SEPTEMBER 1974. THE INTEREST RATE ON THE BALANCE OF THE LOAN IS NOW IN THE TWO TO THREE PERCENT RANGE OF OTHER CONCESSIONAL LOANS MADE TO THAILAND.

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3. COMMENT: THE THAI PRESS SO FAR HAS GIVEN VERY LITTLE ATTENTION TO THIS REDUCTION OF THE INTEREST RATE ON A LOAN PREVIOUSLY NEGOTIATED AT A HIGHER RATE. IT APPARENTLY HAS TAKEN FOR GRANTED THAT JAPAN SHOULD TAKE THIS STEP, A MEASURE OF THE GENERALLY CRITICAL ATTITUDE THAT PREVAILS IN THE PRESS AND IN OTHER FORUMS AGAINST JAPAN.  
KINTNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTEREST RATES, DEVELOPMENT LOANS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BANGKO15434  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740269-1167  
**From:** BANGKOK  
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**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Date:** 20 JUN 2002  
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**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** EAID, EFIN, TH, JA  
**To:** STATE  
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